



United States
Department of
Agriculture

Farmers
Home
Administration

Washington
D.C.
20250

April 23, 1982

SUBJECT: Plan for Resolution of "Problem" Cases

TO: All FmHA State Directors and Director, Finance Office

We have developed a plan which should help reduce significantly the volume of unresolved problem accounts related to loan servicing. This AN outlines the procedures which should be followed for handling correspondence by field offices, State Offices, and the Finance Office.

For this plan to work successfully, the State Offices will be the "clearing point" for contact with the Finance Office on "problem" accounts. Where necessary, the State Offices will establish priorities over the problem accounts to be resolved. Each state will be provided with a monthly allotment on the number of problem accounts the Finance Office is capable of handling. (See Enclosure A). The monthly allotments, as distributed, may be adjusted periodically based on the status of current workload. By restricting each state to a specific number of problem accounts each month, the Finance Office should continue to stay current in other loan servicing areas while working towards reducing the backlog of unanswered correspondence. We hope that the use of this allocation can be dispensed with once the backlog is disposed of. Unused monthly allotments cannot be carried forward to subsequent months.

During April, the Finance Office will return all unanswered correspondence on hand to each State Office. From the date of this AN, correspondence prepared by the County Offices should be forwarded to the State Office to be combined with correspondence returned from the Finance Office. Upon receipt, each state will follow the procedure outlined below:

1. Appoint a coordinator to serve as the contact point for resolving any questions or problems as they arise. The state coordinator should be a person having experience in dealing with detailed loan accounts. The Finance Office coordinator for a particular state and his/her supervisor and telephone number are identified in Enclosure A.
2. Review the returned correspondence to identify the categories of problems being experienced by the County Offices and the volume of problems in each category. This should assist in determining priorities your state may wish to establish for resolving problem cases. This could also be used to identify training needs.

EXPIRATION DATE: MARCH 31, 1983

FILING INSTRUCTIONS: Preceding
FmHA Instruction 1951-A



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3. Forward the letters to the originating office for a determination as to whether the problem still exists. (In this regard, initial test results indicate as much as 40-50 percent of problem cases identified had already been resolved.)

4. Originating office should then determine whether the problem case has been resolved. If the problem still exists, the County Office must assure that all supporting documentation is provided to help in resolving the problem case. A form letter (see Enclosure B) has been developed to assist the County Offices in identifying and prioritizing the problem to the State Office. If the problem relates to an unprocessed form, such as an interest credit agreement, a copy of the form should be attached. Delinquency audit request letters should have Form FmHA 343-4, Delinquency Audit Worksheet (see Enclosure C) with all supporting documentation attached. When the application of a direct payment is in question, copies of both front and back of either the check or the money order should be provided. After documentation of the cases, the County Office should prioritize the problem cases, if desired, and return them to the State Office.

5. Each State Office will then prioritize all correspondence submitted by their field offices and forward the highest priority problem cases, with the state allotment, to the Finance Office. If possible, it is requested that problem cases be blocked and sent to the Finance Office as a single package by the first of the month. The following is recommended priority schedule: (a) final payments involving sale, graduation, or foreclosure; (b) assumptions, consolidations and reamortizations; (c) credit sales; (d) interest credit agreements; and (e) other discrepancies. Each form letter will reference only one borrower to the State Office. After implementation of this procedure, any correspondence related to loan servicing received directly from the County Office will be returned to the State Office without action being taken.

6. Telephone calls from County Offices relating to cases being handled through correspondence must be handled through the state coordinator or his/her designee. Problem cases called to the Finance Office by the state coordinator will be applied against the state's monthly correspondence allotment. This is necessary since the time required to resolve these types of cases reduces the time available for answering correspondence. Telephone calls are discouraged, unless a true emergency situation exists. (Telephone calls from the County Office regarding general questions relating to document preparation or how they are processed in the Finance Office should be addressed to the appropriate area within the State Office. Program officials should call the appropriate supervisors for their state as identified in Enclosure A. County Offices should not call the Finance Office directly on these problem issues.)

7. The coordinator will be responsible for submitting each month the problem cases to be worked on by the Finance Office. A control sheet (see Enclosure D) will be submitted with the package identifying each problem case submitted. The control sheet will be used to coordinate the efforts between State Offices and the Finance Office to assure all correspondence is resolved. The Finance Office will return all responses through the State Office with a copy going to the originating field office. It must be understood that dependent on the complexity of the problem case, all cases will not necessarily be resolved during the month the case is received. It will, however, receive priority handling until fully resolved.

Activities not impacted by this AN will be:

1. Inquiry Station services currently provided by the Inquiry Station will continue to be provided without restriction.

2. Form FmHA 451-2, Schedule of Remittances, when found to be in error should be copied and sent directly to the Finance Office with a Form AD-311, Speed Memo, containing an explanation of the problem. These corrections will be in addition to the monthly allotment.

3. Correspondence related to the servicing of community programs and multiple family housing loans may still be sent directly to the Finance Office.

4. Correspondence related to loan making activities; i.e., loan obligations, check issuance, loan closings, and payment of cost items.

By following these guidelines, the problem case backlog can be significantly reduced during 1982 without adversely affecting other loan servicing areas. The level of success we will achieve in resolving individual "problem" accounts will be directly related to the cooperation extended by all parties involved. This plan will be periodically reviewed to evaluate its success and to make appropriate changes as needed. Your full cooperation will be greatly appreciated.



CHARLES W. SHUMAN
Administrator

Enclosures

PROBLEM EXPLANATION SHEET (See reverse for instructions.)

5. SUBJECT:

6. BORROWER NAME	7. BORROWER CASE NUMBER
	- - 0 - - - - -

8. PROBLEM EXPLANATION:

[illegible]

9. IMPACT OF PROBLEM

7

10. PREPARED BY (NAME)	11. TITLE
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Make a brief descriptive statement such as, unapplied payments, credit sales, or interest credits.

BLOCK 8. PROBLEM EXPLANATION: Explain what is wrong with the account. Provide relevant detail information concerning dates and amounts.

Example - Payment dated February 25, 1982, Schedule No. 147 for \$86.50 has not been applied.

Send copies of pertinent forms and/or reports. For example: If you are questioning a delinquency send a copy of the Form FmHA 389-223, Rural Housing Monthly Payment Account Status Report, and a completed Form FmHA 343-4, Delinquency Audit Worksheet. Attach copies of both front and back of either the check or money order when applications of a direct payment is in question.

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Enclosure A

MONTHLY ALLOTMENT BY STATE

<u>State</u>	<u>Monthly Allotment</u>	<u>Finance Office Contact</u>	<u>FTS Phone Number</u>	<u>Supervisor</u>	<u>FTS Phone Number</u>
01-AL	50	Joann Andrews	279-6421	Mickey Donohue	279-6031
02-AZ	17	Lavonda Cox	279-4446	Marie Harris	279-4843
03-AR	42	Mary Sommerer	279-4824	Marie Harris	279-4843
04-CA	47	Mary Boone	279-6141	Marie Harris	279-4843
05-CO	27	Mary Boone	279-6141	Marie Harris	279-4843
06-CT	4	Mary Sommerer	279-4824	Marie Harris	279-4843
07-DE	7	Mary Boone	279-6141	Marie Harris	279-4843
09-FL	31	Joann Andrews	279-6421	Mickey Donohue	279-6031
10-GA	35	Sue Sasenger	279-6472	Mickey Donohue	279-6031
12-ID	23	Ann Davis	279-6475	Mickey Donohue	279-6031
13-IL	20	Ann Davis	279-6475	Mickey Donohue	279-6031
15-IN	26	Ann Davis	279-6475	Mickey Donohue	279-6031
16-IA	26	Sue Sasenger	279-6472	Mickey Donohue	279-6031
18-KS	29	Lavonda Cox	279-4446	Marie Harris	279-4843
20-KY	35	Mary Sommerer	279-4824	Marie Harris	279-4843
22-LA	32	Mary Boone	279-6141	Marie Harris	279-4843
23-ME	35	Lavonda Cox	279-4446	Marie Harris	279-4843
24-MD	11	Will Jacobs	279-6078	Pat Rethmann	279-6047
25-MA	6	Carol Polarine	279-6479	Pat Rethmann	279-6047
26-MI	36	Pat Huss	279-4866	Rosemary Maher	279-6476
27-MN	37	Dianne Kauffmann	279-6678	Rosemary Maher	279-6476
28-MS	70	Will Jacobs	279-6078	Pat Rethmann	279-6047
29-MO	42	Carol Polarine	279-6479	Pat Rethmann	279-6047
31-MT	10	Carol Polarine	279-6479	Pat Rethmann	279-6047
32-NE	26	Nancy Kiefner	279-4890	Rosemary Maher	279-6476
33-NV	2	Dianne Kaufman	279-6678	Rosemary Maher	279-6476
34-NH	6	Dianne Kauffmann	279-6678	Rosemary Maher	279-6476
35-NJ	17	Dianne Kauffmann	279-6678	Rosemary Maher	279-6476
36-NM	10	Nancy Kiefner	279-4890	Rosemary Maher	279-6476
37-NY	45	Nancy Kiefner	279-4890	Rosemary Maher	279-6476
38-NC	81	Sandy Claverie	279-4461	Pat Rethmann	279-6047
40-ND	23	Carol Polarine	279-6479	Pat Rethmann	279-6047
41-OH	19	Dianne Kauffmann	279-6678	Rosemary Maher	279-6476
42-OK	45	Pat Huss	279-4866	Rosemary Maher	279-6476
43-OR	13	Mary Schmidt	279-6665	Anna Schwenne	279-6661
44-PA	31	Sharon Kiefner	279-6642	Pam Leong	279-6640
45-RI	2	Sharon Kiefner	279-6642	Pam Leong	279-6640
46-SC	53	Betty Weidenbenner	279-6669	Anna Schwenne	279-6661
47-SD	32	Pam Leong	279-6640	Pam Leong	279-6640
48-TN	45	Pam Leong	279-6640	Pam Leong	279-6640
49-TX	64	Mary Schmidt	279-6665	Anna Schwenne	279-6661
52-UT	17	Dean Wilson	279-6641	Pam Leong	279-6640
53-VT	14	Irene Snyder	279-6672	Anna Schwenne	279-6661
54-VA	67	Irene Snyder	279-6672	Anna Schwenne	279-6661
56-WA	20	Dean Wilson	279-6641	Pam Leong	279-6640
57-WV	24	Betty Weidenbenner	279-6669	Anna Schwenne	279-6661
58-WI	44	Dean Wilson	279-6641	Pam Leong	279-6640
59-WY	9	Sharon Kiefner	279-6642	Pam Leong	279-6640
60-AK	2	Mary Schmidt	279-6665	Anna Schwenne	279-6661
61-HI	4	Pam Leong	279-6640	Pam Leong	279-6640
62-GU	4	Betty Weidenbenner	279-6669	Anna Schwenne	279-6661
63-PR	39	Sharon Kiefner	279-6642	Pam Leong	279-6640
64-VI	2	Mary Schmidt	279-6665	Anna Schwenne	279-6661

NOTE: Offices not currently on FTS Network call: 314-425-(last 4 digits).

DELINQUENCY AUDIT WORKSHEET

Enclosure C

INSTRUCTIONS: On the reverse of this form, list payments made during the current year. For prior year applications, fill out the front of this worksheet using Form FmHA 450-14, Annual Statement of Loan Account. If applicable, computation should include: Amortized Cost Item, Additional Partial Payment Agreement, Default Charges and Credit.

[illegible]

Enclosure D			
CORRESPONDENCE TRANSMITTAL CONTROL SHEET	STATE OFFICE CONTACT	TELEPHONE NUMBER	MONTH

Enclosure D			
CORRESPONDENCE TRANSMITTAL CONTROL SHEET	STATE OFFICE CONTACT	TELEPHONE NUMBER	MONTH

Enclosure D			
CORRESPONDENCE TRANSMITTAL CONTROL SHEET	STATE OFFICE CONTACT	TELEPHONE NUMBER	MONTH

Enclosure D			
CORRESPONDENCE TRANSMITTAL CONTROL SHEET	STATE OFFICE CONTACT	TELEPHONE NUMBER	MONTH

Enclosure D			
CORRESPONDENCE TRANSMITTAL CONTROL SHEET	STATE OFFICE CONTACT	TELEPHONE NUMBER	MONTH

INSTRUCTIONS: LIST CORRESPONDENCE IN ORDER OF PRIORITY.

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